

Message Text

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LIMDIS

E.O. 11652: GDS
TAGS: ETRD, EGEN, PEPR, AS
SUBJ: AUSTRALIAN-NEW ZEALAND BILATERAL DISCUSSIONS, TALBOY'S
VISIT

REF: CANBERRA 2771

1. IN ADDITION TO RESULTS OF EXCHANGES ON INTERNATIONAL
TRADE REPORTED REFTEL, SENIOR DFA OFFICIAL PROVIDED FOLLOWING
RUNDOWN ON TALBOYS' VISIT.
2. DFA OFFICIAL SAID THAT TALBOYS HAD LONG WANTED TO COME TO
AUSTRALIA AND TRAVEL THROUGHOUT THE COUNTRY TO MEET WITH
GOVERNMENT AND BUSINESS LEADERS ALONG WITH "ORDINARY
AUSTRALIANS" TO SEEK OUT AUSTRALIAN VIEWS ON NEW ZEALAND AND
TO TRY TO CONVINCE THE AUSTRALIANS OF THE IMPORTANCE OF THE
TIES BETWEEN THEIR TWO COUNTRIES.
3. TALBOYS HAD HIT IT OFF WELL AND HAD DEVELOPED AN
ESPECIALLY GOOD RAPPORT WITH PRIME MINISTER FRASER,
EMPHASIZING ALONG THE WAY THAT TO NEW ZEALAND " AUSTRALIA
IS NOW THE MOST IMPORTANT COUNTRY IN THE WORLD".

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4. AS REPORTED, INTERNATIONAL TRADE RECEIVED THE MOST
ATTENTION DURING OFFICIAL TALKS. HOWEVER THE TWO LEADERS
ALSO REACHED AGREEMENT ON VARIOUS STEPS TO INCREASE
AUSTRALIA/NEW ZEALAND CONTACTS: EXCHANGES OF PARLIAMENTARY
DELEGATIONS; EXCHANGES OF AUSTRALIAN AND NEW ZEALAND
GOVERNMENT OFFICIALS; REGULAR CONSULTATIONS ON INTERNATIONAL
LEGAL MATTERS; COORDINATION ON DEVELOPMENT COOPERATION.

ON THIS LAST POINT DFA OFFICIAL SAID THAT THE TWO LEADERS DID NOT WANT TO GIVE THE LDC'S THE IMPRESSION THAT THEIR TWO DEVELOPED COUNTRIES WERE GANGING UP ON THEM; HOWEVER, AUSTRALIA AND NEW ZEALAND DID WISH TO COOPERATE VERY CLOSELY TO KEEP THE DEVELOPING COUNTRIES, PARTICULARLY IN THE SOUTH PACIFIC, FROM PLAYING OFF ONE DONOR NATION AGAINST THE OTHER.

5. TALBOYS MADE VERY CLEAR THE DIRE ECONOMIC SITUATION FACING NEW ZEALAND AND PRESSED AUSTRALIA TO OPEN ITS MARKETS TO MORE NEW ZEALAND IMPORTS. HOWEVER, FRASER DID NOT AGREE TO ACCEPT SUBSTANTIALLY INCREASED NEW ZEALAND IMPORTS UNTIL AN "IMPROVED AUSTRALIAN ECONOMIC SITUATION PERMITTED IT". IN THE AUSTRALIAN VIEW, THIS WILL BE A LONG TIME COMING. DFA OFFICIAL ALSO SAID THAT TALBOYS FLOATED THE IDEA OF ESTABLISHING A FULL-FLEDGED CUSTOMS UNION BETWEEN AUSTRALIA AND NEW ZEALAND. WHILE THE AUSTRALIANS DID NOT REJECT THIS IDEA OUT OF HAND, THEY ARE NOT ACTIVELY CONSIDERING THE POSSIBILITY. FINALLY TALBOYS GAVE THE AUSTRALIANS THE IMPRESSION THAT IF THE NEW ZEALAND ECONOMY CONTINUES TO WORSEN AND IF THE CRUNCH COMES, NEW ZEALAND WILL ASK AUSTRALIA FOR "ASSISTANCE IN THE LAST RESORT." HOWEVER, FRASER CAREFULLY REFRAINED FROM MAKING ANY COMMITMENT TO NEW ZEALAND ON THIS EVENTUALITY.

6. ONE AREA IN WHICH FRASER WAS MORE FORTHCOMING WAS IN
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AGREEING TO SEEK STEPS TO STRENGTHEN THE TWO COUNTRIES' ECONOMIES ON COMPLEMENTARY LINES IN CONSIDERING QUESTIONS OF ASSISTANCE FOR THE DEVELOPMENT OF PARTICULAR INDUSTRIES IN WHICH THE OTHER COUNTRY WOULD HAVE AN INTEREST. MOREOVER, AUSTRALIA INDICATED A WILINGNESS TO TAKE A TOUGH LINE ON REQUESTS FOR ASSISTANCE TO SHORE UP INEFFICIENT INDUSTRIES IN AUSTRALIA IF THEY ARE IN DIRECT COMPETITION WITH MORE EFFICIENT NEW ZEALAND ENTITIES.

7. IN CONCLUSION, DFA OFFICIAL SAID THAT TALBOYS' VISIT, ALTHOUGH LOW KEY, HAD SERVED A USEFUL PURPOSE BECAUSE AUSTRALIA NEW HAD A BETTER UNDERSTANDING OF NEW ZEALAND'S GRAVE ECONOMIC SITUATION. HOWEVER, AUSTRALIA WAS NOT IN A POSITION TO HELP ITS NEIGHBOR ACROSS THE TASMAN VERY MUCH AND LIKELY WOULD NOT BE IN SUCH A POSITION FOR A LONG TIME.
ALSTON

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